

Remarks of Doug Rothwell
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General Motors Corporation
Before the Joint Hearing of the Senate Finance Committee and the
House Taxation Committee of the Michigan State Legislature

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GOOD MORNING.

IN 2008, GM WILL CELEBRATE ITS 100TH ANNIVERSARY. WE'RE PROUD OF OUR HERITAGE AND THE IMPACT WE HAVE HAD ON MILLIONS OF GM FAMILIES AND COMMUNITIES. WE'RE ALSO PROUD OF OUR INDUSTRY – AN INDUSTRY THAT HAS DRIVEN MORE ECONOMIC GROWTH THAN VIRTUALLY ANY OTHER SECTOR OF OUR ECONOMY OVER THE LAST CENTURY.

LET ME CITE A FEW FACTS TO TRY TO PUT OUR ECONOMIC IMPACT IN CONTEXT. GM IS THE LARGEST MANUFACTURING COMPANY IN THE US. WE EMPLOY ABOUT 160,000 PEOPLE IN THIS COUNTRY AND HALF OF THOSE ARE EMPLOYED IN MICHIGAN. – APPROXIMATELY 80,00 PEOPLE.

IN THE LAST FOUR YEARS, GM HAS SPENT OVER \$120 BILLION IN MICHIGAN. THIS INCLUDES \$58 BILLION IN PURCHASES FROM MICHIGAN SUPPLIERS, \$10 BILLION IN PLANTS AND EQUIPMENT AND \$18 BILLION IN R&D. IN ADDITION, GM HAS PAID OUT OVER \$40 BILLION IN PAYROLL AND PENSION BENEFITS DURING THIS FOUR YEAR PERIOD. THESE NUMBERS TRANSLATE INTO A LOT OF PEOPLE DEPENDING ON GM – PEOPLE WHO LIVE IN YOUR DISTRICTS THROUGHOUT THE STATE.

THE CENTER FOR AUTOMOTIVE RESEARCH HAS CONCLUDED THAT ABOUT FOUR AND A HALF JOBS ARE CREATED FOR EVERY ONE AUTOMOTIVE MANUFACTURING COMPANY JOB. IN MICHIGAN, THIS WOULD MEAN GM'S ECONOMIC ACTIVITY ALONE IMPACTS ABOUT 440,000 TOTAL JOBS IN THIS STATE OR ABOUT ONE OUT OF ALMOST EVERY TEN JOBS. THESE ARE CAR DEALERS, AUTOMOBILE SUPPLIERS, ASSEMBLY WORKERS, ENGINEERS, AND OTHERS THAT LIVE IN JUST ABOUT EVERY CORNER OF THE STATE. THESE JOBS ALSO ARE AMONG THE BEST JOBS IN MICHIGAN - SINCE THEY PAY ON AVERAGE MORE THAN TWICE AS MUCH AS THE AVERAGE AMERICAN JOB.

THERE ARE ALSO 160,000 GM RETIREES WHO LIVE IN MICHIGAN AND COUNTLESS NUMBERS OF GROCERY STORES, TOURISM DESTINATIONS, AND CORNER SHOPS THAT EMPLOY PEOPLE DEPENDENT ON GM WORKERS AND SUPPLIERS BUYING GOODS AND SERVICES.

GM IS ALSO ONE OF THE LARGEST EMPLOYERS IN MANY OF THE STATE'S CITIES THAT YOU ARE TRYING TO REDEVELOP. WE HAVE CONTINUED TO REINVEST IN CITIES LIKE PONTIAC, ORION, MILFORD, WARREN, LANSING, FLINT AND DETROIT, EVEN UNDER BRUTAL ECONOMIC PRESSURES AND CONSTRAINTS. IN MANY OF THESE CITIES, WE ARE THE PRIMARY ECONOMIC DRIVER AND THE "ANCHOR COMPANY" THESE CITIES BUILD THEIR ECONOMIC DEVELOPMENT EFFORTS AROUND.

FIFTY YEARS AGO, THE AUTO INDUSTRY WAS THE LARGEST INDUSTRY IN MICHIGAN AND GM WAS THE LARGEST AUTO COMPANY IN THE STATE. TODAY, THE AUTO INDUSTRY IS THE LARGEST INDUSTRY IN MICHIGAN AND GM IS THE LARGEST AUTO COMPANY IN THE STATE. FIFTY YEARS FROM NOW, IT IS LIKELY THAT THE AUTO INDUSTRY WILL STILL BE THE LARGEST INDUSTRY IN THE STATE AND WE BELIEVE GM WILL BE THE LARGEST AUTO COMPANY IN THE STATE.

SOME MAY WONDER IF HAVING THE AUTO INDUSTRY AS THE LARGEST INDUSTRY IN THE STATE IS A GOOD THING. TO THOSE, I'LL SAY SOMETHING I SAID MANY TIMES BEFORE IN MY LAST JOB – IT'S A POSITION MOST STATES AND NATIONS WOULD LIKE TO BE IN. WITNESS THE COMPETITION AMONG THE STATES AND NATIONS FOR EVERY NEW AUTO MANUFACTURING PLANT.

BUT IT IS NOT JUST THAT WE'RE THE LARGEST INDUSTRY IN THE STATE, WE'RE ALSO THE HIGHEST TECH. WE SPEND MORE MONEY ON R&D THAN ANY OTHER INDUSTRY BY A SIGNIFICANT MARGIN. THAT TREND IS INCREASING AS MORE TECHNOLOGY IS USED IN BOTH THE CONTENT AND MANUFACTURE OF OUR PRODUCTS. AND GM HAS MORE OF OUR R&D OPERATIONS IN MICHIGAN THAN ANYWHERE ELSE IN THE WORLD.

RECENTLY THIS COMMITTEE HELD A HEARING IN OAKLAND COUNTY – A COUNTY MANY RECOGNIZE AS BEING THE ECONOMIC LEADER OF OUR STATE AND THE HOME OF AUTOMATION ALLEY. IF OAKLAND COUNTY DRIVES THE STATE, THEN GM DRIVES OAKLAND COUNTY. WE ARE THE COUNTY'S LARGEST EMPLOYER WITH OVER 20,000 EMPLOYEES, INCLUDING LARGE CONCENTRATIONS OF ENGINEERS AND OTHER HIGH TECHNOLOGY SPECIALISTS HEADQUARTERED THERE.

DIVERSIFICATION OF OUR ECONOMY IS IMPORTANT. BUT THE STEREOTYPING OF INDUSTRIES AND COMPANIES INTO SO-CALLED "OLD" ECONOMY AND "NEW" ECONOMY SECTORS MISSES THE POINT. GM, A COMPANY THAT HAS BEEN AROUND FOR NEARLY 100 YEARS, IS ONE OF THE WORLD'S BIGGEST DRIVERS OF R&D AND WE'RE BASED RIGHT HERE IN MICHIGAN.

SOME MAY ASK HOW GM'S JOB NUMBERS WILL BE IMPACTED BY THIS TAX PROPOSAL. THERE IS NO WAY OF KNOWING WHAT THE FUTURE WILL BRING IN SUCH A GLOBALLY COMPETITIVE ECONOMIC WORLD. BUT WE DO KNOW THIS – THAT IF MICHIGAN CONTINUES TO ALLOW THE CURRENT TAX STRUCTURE TO REMAIN IN PLACE WITH A DISPROPORTIONATE SHARE OF THE TAX BURDEN ON MANUFACTURERS, IT WILL DRIVE MORE JOBS OUT OF MICHIGAN AND KEEP NEW ONES FROM COMING HERE.

IF WE RECOGNIZE THE ECONOMIC IMPACT MANUFACTURING AND COMPANIES LIKE GM HAVE ON OUR STATE – IF WE RECOGNIZE THE ROLE MANUFACTURING AND COMPANIES LIKE GM PLAY IN DRIVING THE GROWTH OF HIGH-TECHNOLOGY – AND IF WE RECOGNIZE THAT MANUFACTURING AND COMPANIES LIKE GM REMAIN AN ECONOMIC STRENGTH TO BUILD ON FOR OUR STATE'S FUTURE – THEN YOU WILL CONCLUDE THAT WE SHOULD BE DOING EVERYTHING WE CAN TO SUSTAIN AND GROW THIS INDUSTRY. MICHIGAN'S TAX STRUCTURE HAS BEEN CITED AS A NEGATIVE TO THE GROWTH OF MANUFACTURING JOBS FOR AS LONG AS I HAVE LIVED IN MICHIGAN. WE HAVE IMPROVED IT, BUT NOT ENOUGH.

THIS LEGISLATURE HAS MADE A LOT OF GOOD PROGRESS OVER THE YEARS IMPROVING MICHIGAN'S BUSINESS CLIMATE. BUT WE NEED TO DO MORE. THIS PROPOSAL IS ANOTHER STEP IN THE RIGHT DIRECTION TO MAKE MICHIGAN MORE COMPETITIVE FOR MANUFACTURING.